

# EXECUTIVE SUMMARY

## The Impact of Budget Reductions on Fire Inspection Fee Revenue

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### OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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At the November 17, 2010 Public Safety & Neighborhood Services (PS&NS) Committee meeting, the Fire-Rescue Department reported that since April of 2010, there has been an increase in the number of fire inspections that are 90 days overdue. This trend is attributable to the limited availability of fire company personnel as a result of the implementation of rolling brownouts. At the meeting, the Committee Chair Marti Emerald requested that the Office of the IBA report back to the Committee with further information regarding the impacts of fire inspection delays on Fire-Rescue Department inspection revenue. This report details the impact that the delays have had on revenue since the implementation of rolling brownouts and provides a projection of the total impact for FY 2011.

The inspection delays particularly pertain to Fire Company Inspection Program (FCIP) inspections that, unlike other inspections, are conducted by fire personnel from engine companies. Based on data received from the Fire-Rescue Department, FCIP inspection activity has declined by 13.6% when comparing post and pre rolling brownout periods. The reduction in fire inspection activity has resulted in a \$251,446 or 40.3% reduction in revenue during the period April-December 2010 as compared to that of the previous year. In the current fiscal year, there has been a \$135,863, or 27.7% year-over-year decline for the first half of the year. A continuance of the current decline trend over pre rolling brownout periods, particularly of that observed in the first half of FY 2011, would result in an annualized decline of approximately \$340,000. The FY 2011 Budget was not adjusted to reflect this reduction in revenue that would result from the impact of the brownouts on inspection fees.

Fire-Rescue has attempted to mitigate further declines in inspection activity by using available light duty personnel to assist with the completion of fire inspections, and in some cases, Fire Prevention Inspectors. Despite these mitigation efforts, negative impacts will remain as rolling brownouts have limited staff available to conduct the inspections. A decline in department inspection fee revenues will have to be taken into account in the department's year-end projections that will be reported in future Budget Monitoring Reports.